

## Senate proposal of amendment

### H. 509

An act relating to calculating statewide education tax rates

The Senate proposes to the House to amend the bill as follows:

First: In Sec. 1, subdivision (1), by striking out “\$10,077.00” and inserting in lieu thereof \$10,015.00, and in subdivision (2), by striking out “\$11,851.00” and inserting in lieu thereof \$11,820.00

Second: In Sec. 2, by striking out “\$1.555” and inserting in lieu thereof \$1.563

Third: By striking out the reader assistance and Secs. 3 through 5 (unfunded mandates) in their entirety and inserting in lieu thereof new Secs. 3 through 5 to read:

Sec. 3. [Deleted.]

Sec. 4. [Deleted.]

Sec. 5. [Deleted.]

Fourth: By inserting a Sec. 6a to read as follows:

Sec. 6a. CALCULATION OF TAX RATES FOR MEMBER TOWNS IN VOLUNTARY SCHOOL GOVERNANCE MERGERS.

(a) Definitions. As used in this section:

(1) “Five percent provision” means collectively the provisions in 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No.156, and 2015 Acts and Resolves No. 46, limiting a town’s equalized homestead property tax rate increase or decrease, and related household income percentage adjustments to five percent in a single year during the years in which the corresponding tax rate reductions apply to a new union school district’s equalized unified homestead property rate.

(2) “Tax rate reductions” means collectively the equalized homestead property tax rate reductions, and related household income percentage reductions, provided for voluntary school governance mergers in 2010 Act and Resolves No. 153, 2012 Acts and Resolves No. 156, and 2015 Acts and Resolves No. 46.

(3) “Education spending in the prior fiscal year” means the total education spending of all merging districts in the year prior to merger, divided by the total number of equalized pupils of all the merging districts in the year prior to merger.

(4) “Tax rate of a member town” means collectively the equalized homestead property tax rate, and related household income percentage

reductions, for the referenced town.

(b) Tax rate reduction review.

(1) In a fiscal year in which the tax rate reductions are applied to a new union school district, if the district's education spending per equalized pupil increases by four percent or less over its education spending per equalized pupil in the prior fiscal year, then it shall be presumed to not trigger Tax Rate Reduction Review.

(2) In a fiscal year in which the tax rate reductions are applied to a new union school district, if the district's education spending per equalized pupil increases by more than four percent over its education spending per equalized pupil in the prior fiscal year, then it shall be subject to a Tax Rate Reduction Review.

(3) Upon the request of the Secretary, a union school district shall submit its budget to Tax Rate Reduction Review to determine whether its increase in education spending per equalized pupil was beyond the school district's control or for other good cause. In conducting the Review, the Secretary will select three business managers and three superintendents to serve in an advisory role in the Review. The Review shall consider at least the following factors:

(A) The extent to which the increase in education spending per equalized pupil is caused by declining enrollment in the union school district.

(B) The extent to which the increase in education spending per equalized pupil is caused by unifying employee contracts in the course of the union school district formation process.

(C) The extent to which the increase in education spending per equalized pupil is caused by increases in tuition paid by the union school district.

(4) If, at the conclusion of the Review, the Secretary determines that the union school district's budget contains excessive increases in educational spending per equalized pupil that are within the district's control and are not supported by good cause, then union school district rates for the fiscal year will be determined as follows:

(A) The tax rate of a member town that would otherwise be increased by no more than five percent shall be increased by no more than five percent plus the difference between a four percent increase in education spending per equalized pupil and the actual increase in the union school district's education spending per equalized pupil.

(B) The tax rate of a member town that would otherwise be decreased by no more than five percent shall be decreased by no more than

five percent minus the difference between a four percent increase in education spending per equalized pupil and the actual increase in the union school district's education spending per equalized pupil.

Fifth: By adding a new section, to be Sec. 7, with reader assistance, to read:

\* \* \* Health Care Costs \* \* \*

#### Sec. 7. HEALTH CARE COST K-12 EDUCATION WORKING GROUP

(a) Creation. There is created the Health Care Cost K-12 Education Working Group (Working Group) to consider and make recommendations on how to achieve maximum savings for negotiated teacher health care benefits in the public kindergarten through grade 12 educational system.

(b) Membership. The Working Group shall be composed of the following three members:

(1) the Executive Director of the Vermont-NEA or designee;

(2) the Executive Director of the School Boards' Association or designee; and

(3) the Executive Director of the Vermont Superintendents Association or designee.

(c) Report. On or before November 15, 2017, the Working Group shall submit a written report to the House and Senate Committees on Education and on Appropriations, the House Committee on Ways and Means, and the Senate Committee on Finance with its findings and any recommendations.

Sixth: By striking out Sec. 7 (effective dates) in its entirety and inserting in lieu thereof the following:

#### Sec. 8. EFFECTIVE DATES

This act shall take effect July 1, 2017 and apply to fiscal year 2018 and after, except Sec. 6a (calculation of rates in certain districts), which shall take effect on passage and shall apply to all budgets voted on by the electorate after the date of passage.